

**Testimony for the Montgomery County Council**  
**Bill 17-23, Taxation – Recordation Tax Rates - Amendments**  
**by Paul Geller, Community Advocate - Tuesday, April 11, 2023**

Council President Glass, Council Vice President Friedson, Councilmember Mink, Councilmember Jawando, and distinguished Councilmembers,

I support this bill's goal. That said, please consider modifying the school impact tax charged for new construction along with a greater push for statewide investment in public school construction instead.

From 2015-16 I served on MCCPTA's Next Steps Reps ad hoc committee. We met often and consulted with elected officials to find ways to fund MCPS construction. After much deliberation, the Next Step Reps came up with a dual approach to funding MCPS construction:

- 1) Changing the Recordation Tax rate to better reflect the value residents were getting from MCPS. This added about \$0.27 per day to the average cost of a new mortgage, refinancing an existing mortgage, or selling a house or building.<sup>1</sup> The School Increment change brought in about \$135M more between FY17 and FY20 compared to FY13 through FY16.
- 2) Updating the school impact tax in the Subdivision Staging Policy (SSP) so those creating new housing would pay the fair share of the cost per school seat generated by their project(s). Until 2016 the rate was 90% of the cost of every new school seat, causing a construction deficit for MCPS projects. We successfully advocated for this to be changed to 120%.<sup>2</sup>

The work the Council did in 2016 was a landmark for funding MCPS construction. Changes made to the SSP, now known as the Growth and Infrastructure Policy<sup>3</sup>, included reducing the school impact tax to 100%. This should be changed back to 120%, otherwise MCPS will fall behind again.

I appreciate the intent of this bill, however the proposed rate increases are far too high. There are other ways to fund MCPS projects without placing too much of a burden on homeowners and potential homeowners. With an ongoing need to fund MCPS projects, coupled with the need to implement the Blueprint for Maryland's Future and its pre-K requirements for three and four year olds, please:

- 1) Consider returning to the universal 120% school impact tax for all new housing construction when the Growth and Infrastructure Policy is reviewed in 2024, so school construction projects are once again fairly and properly funded moving forward.
- 2) With a new administration in Maryland, and a Montgomery Countyan as Lieutenant Governor, ask the state to fund a greater share of public school construction costs.

Thank you,  
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Community Advocate  
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<sup>1</sup> Testimony given on May 10, 2016. Passed unanimously as Expedited Bill 15-16 on May 18, 2016.

<sup>2</sup> Testimony given on September 13, 2016. Passed unanimously as Bill 37-16 on November 15, 2016.

<sup>3</sup> The Growth and Infrastructure Policy was approved on November 16, 2020.